INDEX

Page

PETITIONERS' REPLY:

I. Petitioners' Reasons for Granting the Writ 2

1. This is a case of first impression and wide application 2

2. The decision of the Courts of Appeals conflicts with the decisions of other Courts of Appeals, creates different discovery standards for parties in a common proceeding, and is contrary to current views of the need for maximum disclosure in all adjudications, particularly patent cases 3

3. The decision below is based on erroneous assumptions of law and fact 6

II. The decision of the Court of Appeals for the First Circuit is based on inaccurate assumptions 9

1. The Court "adopted" Judge Seitz' dissent in *Natta* 10

2. The Court says it "merely precludes use of federal courts as . . . forums of first resort." 10

3. The Court says "ancillary judicial discovery is unnecessary as to parties," but to assure discovery from non-party witnesses "was apparently the main reason that Congress conferred ancillary jurisdiction upon federal courts." 10

III. Conclusion 11

CITATIONS

Page

CASES:

General Motors Corp. v. *R. E. Dietz Co.*, 420 F.2d 1303 (D.C. Cir. 1969) 9
In re Multidistrict Litigation Involving Frost Patent, BNA, PTCJ No. 225, at A-8 (D. Del. Apr. 11, 1975) 5
In re Natta, 388 F.2d 215 (3d Cir. 1968) 2, 3, 4, 10
Kirschke v. *Lamar*, 426 F.2d 870 (8th Cir. 1970) 9
Ransburg Electro-Coating Corp. v. *Sedlacsik*, 290 F. Supp. 972 (D. N.J. 1967), affd, 397 F.2d 804 (3d Cir. 1968) 9
Rex Chainbelt, Inc. v. *Borg-Warner Corp.*, 477 F.2d 481 (7th Cir. 1973) 8
Tidewater Patent Devel. Co. v. *Gillette Co.*, 273 F.2d 936 (4th Cir. 1960) 9

STATUTES:

35 U.S.C. § 24 .....2, 3, 6, 8, 10, 11

35 U.S.C. § 146 ..... 8, 9

Act of July 8, 1970, c. 230, §§ 44, 45, 16 Stat. 204 11

Act of Feb. 18, 1922, c. 58, § 7, 42 Stat. 389, 391-2 11

REGULATIONS:

37 C.F.R. § 1.287 10

OTHER AUTHORITIES:

62 Cong. Rec. 1083, 67th Cong., 2nd Sess. (Jan. 11, 1922) 11

Notice of the Commissioner of May 30, 1972, 898 O.G. 1500 7

IN THE

Supreme Court of the United States

OCTOBER TERM, 1974

No. 74-1156

VINCENT J. FRILETTE, ET AL., *Petitioners*

v.

CHARLES N. KIMBERLIN, JR., ET AL., *Respondents*

PETITIONERS' REPLY

Respondents' principal basis for opposing the petition for certiorari is that the Court of Appeals for the First Circuit has now followed the decision of the Third Circuit that petitioners seek to have reviewed. The decision of the First Circuit was an unexpected development following the filing of the petition here. But the reasons for granting the writ described in the

petition continue unweakened. They are actually strengthened because some of the key assumptions of the First Circuit's decision—as of the Third's—are clearly erroneous.

I. PETITIONER'S REASONS FOR GRANTING THE WRIT.

1. *This is a case of first impression and wide application.* Respondents' opposition and the decision of the First Circuit have nothing to say with respect to this reason for initial Supreme Court consideration of an important aspect of patent law in particular and administrative proceedings in general. At issue is the extent to which the courts can decline to provide ancillary support to executive or administrative agencies conducting quasi-judicial proceedings. Unquestionably the courts are overworked. But Congress has seen fit to leave to the courts the role of assisting parties engaged in adjudicative proceedings to discover evidence useful in those proceedings. The Congressional choice in the case of patent interferences, quite logically based on the experience of the courts in dealing with such issues, was recognized and followed by every federal court to which the issue was presented until the courts below in this case decided that Congress could not have meant to impose this burden on the judiciary. But reading the opinion below makes it difficult to credit the Third Circuit's statement that this burden only provided "background . . . not the reason" [Pet. p. 12b, n.14a] for its decision adopting Judge Seitz' version of the legislative history of 35 U.S.C. § 24 as set forth in his dissent in *Natta*.[1] The First Circuit seems to have engaged in no independent analysis of the prob-

[1] In re *Natta*, 388 F.2d 215, 221 (3d Cir. 1968).

lem; it simply followed the Third in finding the burden of aiding parties in Patent and Trademark Office discovery to be "beyond what Congress could reasonably have had in mind." [Resp. p. A6] As is discussed at page 11, *infra,* Congress did not consider the "burden," as such, but in any event the courts have not previously seen fit to shirk it.

Petitioners have asserted that a delineation of the proper role of the courts in enabling contestants for government grants to seek relevant facts merits and urgently needs this Court's consideration now. This Court can best fashion the appropriate rules for the relationship. Unless it acts, the Court may be inviting years of further uncertainty, as successive parties litigate this issue in different circuits—a process costly to the adversaries, the judicial system and, ultimately, the public.

2. *The decision of the Court of Appeals conflicts with the decisions of other Courts of Appeals, creates different discovery standards for parties in a common proceeding, and is contrary to current views of the need for maximum disclosure in all adjudications, particularly patent cases.*

Respondents deny the existence of a "real" conflict between the Circuit Courts of Appeals. They base that argument on the suggestion that the broad construction given 35 U.S.C. § 24 by the Third Circuit in its decision in *In re Natta* in 1968 was only dicta, unnecessary to that Court's holding. [Resp. p. 6] First, petitioners do not understand the relevance of alleged dicta/holding distinctions between two decisions by the *same* Circuit Court of Appeals to a discussion of an alleged conflict of decisions between *different* Courts

of Appeals. The majority of judges below did not deny or refute the statement of dissenting Judge Adams that *Natta*

> "conformed to prior interpretations by the Courts of Appeals for the Fifth and Seventh Circuits and by the District Courts for . . . Michigan and . . . Oklahoma. Subsequent to our decision in Natta, the same interpretation has been adopted by the Courts of Appeals for the Tenth and Second Circuits and by the District Courts for the District of Columbia and . . . Massachusetts. . . . Indeed, no court of appeals has adopted a narrower reading of section 24 than that set forth in Natta." [Pet. p. 25b-26b]

No Judge who heard the case below seemed to doubt that by "biting the bullet," the Court of Appeals was construing the statute differently than it was construed both before and after its own decision in *Natta* by every other federal court. That the First Circuit has now aligned itself with the Third on this issue does not remove the conflict; it adds another player to one side. By no stretch of legalistic legerdemain can the reality of the conflict be denied. On the contrary, it increases the dimension of the conflict and dispels the notion that the decision below can be ignored as an aberrational rule confined to a single circuit.

Petitioners do not deny that the appellate decisions conflicting with the holding below predate the 1971 Patent Office rules for limited discovery in interferences. [Resp. p. 7] But that does not eliminate the reality of the conflict. First, the paucity of later decisions can reasonably be attributed to the view that as every court that heard the issue decided it consistently with *Natta,* the patent bar considered the issue settled.

Second, petitioners contend, as did the dissenters below, that no administrative rule, turned off yesterday, turned on today, perhaps turned off tomorrow, can affect the obligations of the federal courts to exercise a jurisdiction Congress has conferred.

Finally, respondents do not address petitioners' point that the decision below runs counter to the trend of the law that encourages the fullest disclosure of relevant facts in all adjudications, particularly those involving patents. Interestingly, the same District Judge who decided this case adversely to the petitioners has just released a lengthy opinion emphasizing in the strongest terms the need for the fullest and most candid disclosure of all facts to the Patent and Trademark Office that might influence that Office in its decisions on whether or not to grant a patent. See *In re Multidistrict Litigation Involving Frost Patent,* BNA, PTCJ No. 225, at A-8 (D. Del. Apr. 11, 1975).

Respondents say this case is unimportant because it involves only a dispute between two private parties seeking a patent. [Resp. p. 8] Such a view is directly contrary to the view of this Court and the entire federal judiciary that the grant of every patent is a matter of public interest. It would seem to make much more sense to facilitate the fullest investigation of the grounds on which patents issue initially than to await the facts in later litigations involving patents already issued.

Respondents also suggest that since the Board of Interferences does not "issue" a patent, its proceedings need not be conducted with the regard to procedural completeness and fairness that might apply to other Patent and Trademark Office actions. [Resp.

p. 9] Petitioners are sure this Court cannot accept such a distinction. Obviously priority can be the key issue in a patent prosecution—as it may be between the parties here. That the Patent Act establishes a separate Board of Interferences to consider such issues, on a level of dignity and finality with the Board of Patent Appeals, only serves to emphasize Congress' recognition of the criticality of the decision on priority.

3. *The decision below is based on erroneous assumptions of law and fact.* The petition cites five different and significant reasons why the Court below erred in its analysis of the issues. Respondents' opposition says that the decision below "is manifestly correct." [Resp. p. 8] It is not manifest to petitioners why the opinion is correct or how respondents' mere statement can make it so.

Petitioners first indicated that the ancillary discovery procedures contemplated by 35 U.S.C. § 24 were comparable to the routine ancillary proceedings conducted by the federal courts in aid of litigation pending in sister courts. Respondents say such proceedings cannot be compared to proceedings to aid Patent and Trademark Office discovery since the administrative agency has rules of evidence and discovery that differ from those of the courts. [Resp. p. 13] But this begs the issue. The statute being construed says that

> "The provisions of the Federal Rules of Civil Procedure . . . *shall apply* to contested cases in the Patent Office." [Emphasis added.]

Even the Court below recognized that at least some provisions of the Rules "shall apply." Applied by whom and how? By the courts and in the manner in

which the courts apply the Rules, of course. While this exercise of jurisdiction is in aid of an administrative agency the court applies judicial standards. And this is perfectly acceptable to the agency. The Patent Commissioner has expressly published a notice to dispel any doubt about the acceptance by his Office of deposition evidence so obtained. Notice of the Commissioner of May 30, 1972, 898 O.G. 1500.[2] The Commissioner may adopt his own discovery rules—as he has done in trademark cases and, to a limited extent for patent interferences—and he may make independent determinations of the admissibility of evidence so discovered. But this does not derogate from the express statutory authority given to, and the obligation imposed on, the courts to aid contestants in Patent and Trademark Office cases by "applying" the discovery aspects of the Federal Rules of Civil Procedure.

Petitioners argued that the Court below was wholly in error in its belief that discovery was unknown in administrative agency proceedings. [Pet. p. 20] Respondents apparently concede as much, since they do not dispute the argument. Petitioners went on to say that court assisted discovery need not create insuperable frictions between court and agency. Comparable problems have been solved in other contexts through concepts of "primary jurisdiction." [Pet. p. 22] Re-

---

[2] The notice reads in pertinent part:

"A discovery proceeding under the control of a U.S. District Court, ancillary to an interference proceeding, is . . . an 'action' within the meaning of Rule 283. [37 CFR § 1.283] Accordingly, 'pretrial depositions' taken in a discovery proceeding in accordance with the Federal Rules of Civil Procedure and under court control may be used in the interference as to which the discovery proceeding is ancillary. . . ."

spondents say only that the administrative agency should be allowed to adopt its own procedures "without unnecessary disruption" and echo the District Court's view that some of the discovery sought by petitioners was premature because directed to respondents' case-in-chief. [Resp. p. 13] Let it be quickly noted that petitioners' discovery was *not* directed to respondents' case-in-chief. But the real point is that time and again the courts have been compelled to bring the Patent and Trademark Office "kicking and screaming" into the Twentieth Century. Absent court applications of 35 U.S.C. § 24 in patent cases, that Office would not have been induced to adopt any discovery procedures at all. Those it has now adopted are a limp substitute for the Federal Rules. As the First Circuit's opinion notes, they do not allow discovery into matters which might build an affirmative case for the discovering party or which undercut the opponent's case-in-chief. [Resp. p. A2, n. 1] Unless and until the Commissioner adopts rules that might obviate the need for resort to the courts, the courts must—and readily can—apply their traditional practices in granting orders compelling discovery.

Petitioners pointed out that the Court below erred in suggesting that post-decision review in the District Court, under 35 U.S.C. § 146, can cure defects in predecision discovery. Respondents repeat this erroneous suggestion as does the First Circuit's opinion. [Resp. pp. 9-10, 12, A8 [printed as 35 U.S.C. § 135, but should be § 146].] Section 146 review is "narrow."[3] The plaintiff must bear a "heavy burden" to overcome the presumption of correctness in the Patent and Trade-

[3] *Rex Chainbelt, Inc.* v. *Borg-Warner Corp.*, 477 F.2d 481, 484 (7th Cir. 1973).

mark Office's decision.[4] And new issues cannot be raised in the proceeding,[5] perhaps even if they are first learned through discovery now given the full scope of the Federal Rules. It is even *more* time-consuming and wasteful of judicial resources and a cause of court-agency friction to require the agency to rule in the dark and then to compel it to reconsider its rulings based on later-developed, court-supervised discovery.

Petitioners' fifth argument repeated Judge Adams' view that the action of the Court below in overruling its earlier statutory interpretation does violence to the doctrine of *stare decisis.* [Pet. p. 26] Respondents suggest that this question is "entirely inappropriate for consideration by this court." [Resp. p. 12] Petitioners see no basis for such an assertion. The dissenting Judges below thought it an important point. Petitioners have found no decisions by this Court discussing the issue. Petitioners believe it *is* "appropriate."

II. THE DECISION OF THE COURT OF APPEALS FOR THE FIRST CIRCUIT IS BASED ON INACCURATE ASSUMPTIONS.

Since respondents have relied so heavily on the First Circuit's recent decision, petitioners feel it appropriate to discuss the following points in addition to those

---

[4] *See, e.g., Ransburg Electro-Coating Corp.* v. *Sedlacsik,* 290 F. Supp. 972 (D. N.J. 1967), *aff'd,* 397 F.2d 804 (3d Cir. 1968); *Tidewater Patent Devel. Co.* v. *Gilette Co.,* 273 F.2d 936 (4th Cir. 1960); *Kirschke* v. *Lamar,* 426 F.2d 870 (8th Cir. 1970). ("The remedy provided by [§ 146] is not, strictly speaking, a full trial *de novo;* rather allowance of evidence in addition to the Patent Office record must be tempered and circumscribed to some degree to effectuate the policy favoring full disclosure to administrative tribunals." 426 F.2d at 874.)

[5] *Cf. General Motors Corp.* v. *R. E. Dietz Co.,* 420 F.2d 1303 (D.C. Cir. 1969).

discussed above on which the Court placed considerable reliance but which are unsupported by the law or facts:

1. *The Court "adopted" Judge Seitz' dissent in Natta.* [Resp. p. A7] Judge Seitz would have limited 35 U.S.C. § 24 solely to evidentiary, as distinguished from discovery, subpoenas—the pre-existing practice in interferences in which no discovery of ultimately inadmissible evidence was permitted. However, even the Patent and Trademark Office has now adopted a discovery rule of its own. 37 CFR § 1.287. And the Commissioner has issued a Notice that he will permit the filing of court-obtained discovery depositions. See p. , *supra.* The dissent of Judge Seitz is of a different time, apparently written without knowledge of the most significant aspects of the legislative history of 35 U.S.C. § 24 discussed by Judge Van Dusen in his dissent in this case. [Pet. pp. 13b-16b] It cannot provide the proper rule for decision today.

2. *The Court says it "merely precludes use of federal courts as . . . forums of first resort."* [Resp. p. A7] Whatever the facts in the case before the First Circuit, petitioners in this case *did* attempt to obtain a discovery order from the Board of Patent Interferences. Further, as the Court acknowledges, the Patent and Trademark Office discovery rules are limited in scope and time and, thus, cannot be an equivalent to the Federal Rules. Thus, resort to the courts is not "merely" a matter of choice; it is a necessity since the Patent Office will not aid in certain types of discovery efforts.

3. *The Court says "ancillary judicial discovery is unnecessary as to parties," but to assure discovery*

from nonparty witnesses "was apparently the main reason that Congress conferred ancillary jurisdiction upon federal courts."

The history of 35 U.S.C. § 24 is *not* based on concern about evidence from *non-parties.* The predecessors of this section were in R.S. 4906, first enacted in 1870,[6] and amended in 1922.[7] In the debates on the 1922 amendments, adding the power to issue subpoenas *duces tecum* to the pre-existing power to issue subpoenas *ad testificandum,* the floor leader clearly indicated that the entire provision was intended to assure the production by *parties* of evidence connected with the interference inquiry. See Statement of Congressman Blanton, 62 Cong. Rec. 1083, 67th Cong., 2nd Sess. (Jan. 11, 1922). Nowhere in the legislative history is there any indication that this provision was intended to remedy a perceived inability to reach non-parties. It has always been seen as an aid to compel production from parties. Our present problem is the substantive scope of the statute and not its subjects.

The Commissioner's power to dismiss the application of a party failing to comply with discovery does not make the use of the Federal Rules in the courts "unnecessary." Dismissal is so harsh a remedy that it may not be invoked. The procedure under the Rules permits the necessary flexibility.

III. CONCLUSION

Petitioners believe this is an important case of first impression. The recent decision by the First Circuit does not reduce the need for review; on the contrary,

---

[6] Act of July 8, 1970, c. 230, §§ 44, 45, 16 Stat. 204.

[7] Act of Feb. 18, 1922, c. 58, § 7, 42 Stat. 389, 391-2.

it increases the confusion and conflict in the law. Petitioners respectfully request this Court to step in now and set the matter right.

Respectfully submitted,

PETER D. EHRENHAFT
FARRELL R. WERBOW
GEORGE A. DEPAOLI
Counsel for Petitioner

May 1, 1975